



SAVE OUR SERVICES

S.O.S. SERIES No. 3 - WORKING FAMILIES

How new global "trade" talks threaten public and private service sector jobs and wages.

Two new global commercial agreements of unprecedented scope and power are currently being negotiated behind closed doors. These agreements, the World Trade Organization's General Agreement on Trade and Services (GATS) and the Free Trade Area of the Americas (FTAA) are likely to result in the privatization and deregulation of many essential services. You can collect Public Citizen's whole S.O.S. Series at www.citizen.org/trade/wto/gats.

For more information contact: gtwfield@citizen.org or 202-546-4996

Bottom line: GATS and the FTAA pose serious threats to the jobs, wages and occupational health and safety of the nearly 80% of U.S. workers now employed in the service sector. GATS and the FTAA proposals would accelerate privatization of public services and undermine public service workers, wages and unions. These pacts would provide a dangerous new tool for politicians who favor privatizing a broad array of federal, state and local government jobs. The GATS is geared toward "progressive liberalization," which means privatizing service sectors that were formerly public and opening them up to competition by foreign corporations. The proposed FTAA service agreement would automatically cover all aspects of all services unless an exception is negotiated.

- A GATS provision that GATS defenders say exempts public services from GATS disciplines is written so that it does not apply to the vast majority of public services in the U.S.;
- Once a public service is privatized, it becomes nearly impossible to reverse course (i.e. cancel the corporate service contract for poor performance or take a privatized utility back to the public sector and make the service public again) without compensating trading partners or paying trade sanctions, and in the case of the FTAA, additional cash compensation to the affected company.

Proposals for a special "GATS Visa" would allow U.S. companies to bring in service workers from abroad to perform contracts in the U.S. in any service sector U.S. negotiators decide to put on the table. This would undermine service sector wages and unions, and threaten to create a two-tier system of services employment based on the exploitation of imported service workers. The U.S.-Chile Free Trade Agreement (FTA) includes a controversial provision allowing a special "FTA Visa" allowing any Chilean citizen with a college degree the right to work in the

- Such provisions eviscerate existing requirements that U.S. corporations must first demonstrate that there is a shortage of domestic workers in an industry and that foreign workers are not being brought in to break a strike before special work visas can be issued for foreign service workers;
- Under GATS or FTAA foreign service workers could be paid at or below the minimum wage of the country in which they're working B not the average wage for the job. This would undercut wages for all workers in the service sector and lock foreign workers in a low wage, endless-hours ghetto;
- These proposals could exacerbate the problem of "brain-drain" from many developing countries, allowing U.S. companies to develop a cadre of easily exploitable, indentured workers who could be kicked out of the country at any time if they tried to assert their rights or organize a union.

Domestic regulations governing service sectors, wages, work standards and worker safety would have to be constructed in the least trade restrictive manner possible or could be subject to challenge as "barriers to trade" under proposed rules in FTAA and in GATS and in the WTO procurement agreement.

- Public sector living wage laws and prevailing wage laws, for instance in the construction sector, could be challenged as violations of service sector procurement rules currently in the WTO and proposed for the FTAA, which seek to prohibit governments from setting any conditions for awarding contracts other than those to ensure product quality or supplier capability;
- Worker health and safety laws, licensing laws and professional standards could be ruled to be barriers to trade under new constraints on service sector regulation if a trade tribunal finds that they are not necessary to ensure the quality of a service or if the tribunal finds them to be "more burdensome than necessary;"
- Local, state and federal policies that are successfully challenged as violating WTO or proposed FTAA rules must

be changed or the U.S. government would be forced to pay millions in trade sanctions.